

THE CITY OF INDEPENDENCE, KANSAS

**AUDITORS' REPORTS AND
FINANCIAL STATEMENT**

December 31, 2014

CITY OF INDEPENDENCE, KANSAS
FINANCIAL STATEMENT
For the Year Ended
December 31, 2014
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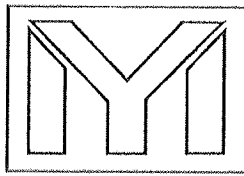
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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor
and Commissioners
City of Independence, Kansas
120 N. 6th Street
Independence, KS 67301

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Independence, Kansas, as of and for the year ended December 31, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the applicable audit requirements of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Independence, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Independence, Kansas, as of December 31, 2014, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Independence, Kansas as of December 31, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

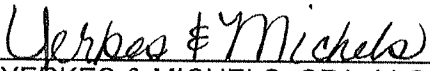
Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, summary of regulatory basis receipts and disbursements – agency funds, schedules of regulatory basis receipts and expenditures – actual and budget – related municipal entities, (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for purposes of analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards (Schedule 5 as listed in the table of contents) is presented for the purpose of additional analysis as required by U.S. Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is

fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Independence's internal control over financial reporting and compliance.

July 7, 2015


YERKES & MICHELS, CPA, LLC
Independence, Kansas

THE CITY OF INDEPENDENCE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended December 31, 2014

GOVERNMENTAL TYPE FUNDS:	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance	GOVERNMENTAL TYPE FUNDS:
General	\$ 1,270,095.06	\$ -	\$ 6,004,474.66	\$ 5,776,423.56	\$ 1,498,146.16	\$ 262,126.50	\$ 1,760,272.66	General
Special Purpose	303.55				303.55		303.55	Special Purpose
D.A.R.E. Fund	26,079.99		41,815.87	22,179.98	45,715.88	27,750.00	73,465.88	D.A.R.E. Fund
Industrial Fund	1,776.00				1,776.00		1,776.00	Industrial Fund
Crime Prevention Program Fund	647,188.25		359,245.30	279,511.44	726,922.11	75,186.76	802,108.87	Crime Prevention Program Fund
Economic Development Transportation Fund	10,719.97		87,820.17	116,855.01	(18,314.87)	12,951.11	(5,363.76)	E 911 (NEW) Fund
E 911 (NEW) Fund	133,819.85		34,519.16	848.93	167,490.08		167,490.08	Incubator Building Fund
Incubator Building Fund	73,000.00		2,126,808.12	2,123,808.12	76,000.00	140,004.92	216,004.92	Education Sales Tax Fund
Education Sales Tax Fund	246.94				246.94		246.94	Smoke Detector Grant Fund
Smoke Detector Grant Fund	(3,620.11)		3,741.50		121.39		121.39	Pride Signs Fund
Pride Signs Fund	3,241.83				3,241.83		3,241.83	Minature Train Fund
Minature Train Fund	1,675.35				1,675.35		1,675.35	Skate Park Fund
Skate Park Fund	1,289,121.40		2,127,988.19	1,337,535.74	2,079,573.85	25,755.00	2,105,328.85	Special Use Sales Tax Fund
Special Use Sales Tax Fund	125,526.77		722,289.22	714,724.45	133,091.54	361.42	133,452.96	City Employee Benefits Fund
City Employee Benefits Fund	-		103,855.64	103,855.64	-	1,802.63	1,802.63	Library Employee Benefit Fund
Library Employee Benefit Fund	6,673.50		5,455.38	973.35	11,155.53		11,155.53	Special Park Fund
Special Park Fund	-		156,739.40	156,739.40	-	3,918.72	3,918.72	Library Fund
Library Fund	1,000.00				1,000.00		1,000.00	Downtown Tree Replacement Fund
Downtown Tree Replacement Fund	35,732.44		38,515.87	40,484.00	33,764.31		33,764.31	Special Park & Recreation Fund
Special Park & Recreation Fund	-		28,945.02	28,945.02	-		-	Special Alcohol Fund
Special Alcohol Fund	8,618.28		132,550.00	78,805.00	62,363.28	36,600.00	98,963.28	Demolition Fund
Demolition Fund	16,902.34		61,606.89	66,189.40	12,319.83		12,319.83	Liability Insurance Fund
Liability Insurance Fund	94,300.92		232.68	37,655.00	56,878.60		56,878.60	E-911 Fund
E-911 Fund	385,820.65		124,971.14	20,510.26	510,791.79		510,791.79	Quality of Life Tax Credits Fund
Quality of Life Tax Credits Fund	301,412.76		730.21	2,521.98	281,632.71		281,632.71	Quality of Life Tax Projects Fund
Quality of Life Tax Projects Fund	6,009.07				3,487.09		3,487.09	Cultural Arts Fund
Cultural Arts Fund	-		8,825.18	8,609.52	215.66		215.66	KHRC # ESG-FFY2013 Emerg. Shelter Grant
KHRC # ESG-FFY2013 Emerg. Shelter Grant	272.71				272.71		272.71	Waste Tire Grant Fund
Waste Tire Grant Fund	(26,700.00)		26,700.00		-		-	Air Traffic Control Tower Fund
Air Traffic Control Tower Fund	795.47				795.47		795.47	KHRC # ESG-FFY2011 Emerg. Shelter Grant
KHRC # ESG-FFY2011 Emerg. Shelter Grant	18,996.85		13,848.90	10,067.00	22,778.75		22,778.75	Undercover Narcotic Fund
Undercover Narcotic Fund	640.50				640.50		640.50	KHRC # ESG-FFY2012 Emerg. Shelter Grant
KHRC # ESG-FFY2012 Emerg. Shelter Grant	-		2,500.00		2,500.00		2,500.00	Walmart Grant
Walmart Grant	-		40.00		40.00		40.00	WVWTP Sales Tax
WVWTP Sales Tax	-		4,971.41	4,825.57	145.84	3,067.04	3,212.88	KHRC # ESG-FFY2014 Emerg. Shelter Grant
KHRC # ESG-FFY2014 Emerg. Shelter Grant								Debt Service Fund
Debt Service Fund	218,630.07		944,418.32	1,101,950.02	61,098.37		61,098.37	Bond and Interest Fund
Bond and Interest Fund								

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended December 31, 2014

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance	
<u>GOVERNMENTAL TYPE FUNDS:</u>								
Capital Project Funds								
Airport - Map Existing Airport Cir.	(38,000.00)		36,000.00		(2,000.00)		(2,000.00)	Airport - Map Existing Airport Cir.
CDBG # 12-PF-038 Curb Ramps	(55,158.37)		51,647.00	(7,526.97)	4,015.60		4,015.60	CDBG # 12-PF-038 Curb Ramps
Logan Fountain Fund	100.00		90,790.34	164,935.00	(74,044.66)	162,559.00	88,514.34	Logan Fountain Fund
Airport - Design Terminal Upgrade	(19,000.00)				(19,000.00)	4,782.20	(14,217.80)	Airport - Design Terminal Upgrade
Geometric - 10th & Chestnut	618,171.15				618,171.15	13,827.33	631,998.48	Geometric - 10th & Chestnut
FORPAZ Ticket Booth	-		18,986.36	19,556.46	(590.10)	10,364.10	9,774.00	FORPAZ Ticket Booth
CDBG #13-PF-013 Curb Ramps	(507,933.80)		264,997.00		(242,936.80)	373,391.05	130,454.25	CDBG #13-PF-013 Curb Ramps
AIP 3-20-00369-021 Runway Rehab	-		581,028.00	1,225,806.15	(644,778.15)	724,858.20	80,080.05	AIP 3-20-00369-021 Runway Rehab
AIP 3-20-0036-20 Taxiway Rehab	(543,199.41)	13,876.73	538,553.12	20,360.70	(11,130.26)	13,606.19	2,475.93	AIP 3-20-0036-20 Taxiway Rehab
2014 Street Projects	1,277,513.52		36.00	943,973.75	333,575.77	86,155.78	419,731.55	2014 Street Projects
ADA DJ # 204-29-144 ADA Design	764,975.43			427,706.77	337,268.66	52,699.75	389,968.41	ADA DJ # 204-29-144 ADA Design
10th & Main to 10th & Laurel Imprv. Fund	(175,562.06)			(1,436.08)	(174,125.98)	7,268.65	(166,857.33)	10th & Main to 10th & Laurel Imprv. Fund
USD #446 School Infrastructure Fund	22,435.35				22,435.35		22,435.35	USD #446 School Infrastructure Fund
Airport - Upgrade Restrooms	2,500.00				2,500.00		2,500.00	Airport - Upgrade Restrooms
Southeast Lift Station Fund	(2,328,684.87)		2,071,701.44	589,254.05	(846,237.48)	589,362.93	(256,874.55)	Southeast Lift Station Fund
West Main - 10 to 18th Fund	81,349.09		529,702.19	2,684,518.35	(2,073,467.07)	2,508,452.79	434,985.72	West Main - 10 to 18th Fund
2015-2016 KLINK Projects	-			126,218.00	(126,218.00)	126,218.00	-	2015-2016 KLINK Projects
CDBG #14-PF-018 Curb Ramps	-		400,000.00	20,000.00	380,000.00	20,000.00	400,000.00	CDBG #14-PF-018 Curb Ramps
<u>BUSINESS FUNDS:</u>								
Airport Fund								
Water & Sewer Fund	121,232.80		806,606.30	864,635.12	63,203.98	8,453.94	71,657.92	Water & Sewer Fund
Grinder Pump Replacement Fund	2,973,864.40		3,221,778.30	4,063,203.30	2,132,439.40	252,895.89	2,385,335.29	Grinder Pump Replacement Fund
Sanitation Fund	176,264.63		8,780.27		185,044.90		185,044.90	Sanitation Fund
	291,357.85		1,037,848.24	985,040.79	344,165.30	28,914.26	373,079.56	
TOTAL PRIMARY GOVERNMENT	\$ 7,310,506.12	\$ 13,876.73	\$ 22,822,042.79	\$ 24,160,263.78	\$ 5,986,161.86	\$ 5,573,334.16	\$ 11,559,496.02	
<u>RELATED MUNICIPAL ENTITIES</u>								
Independence Public Library	79,127.01		577,946.29	582,502.92	74,570.38	14,197.75	88,768.13	Independence Public Library
Independence Housing Authority	6,217,623.77		1,337,704.73	1,373,325.35	6,182,003.15	14,081.55	6,196,084.70	Independence Housing Authority
TOTAL REPORTING ENTITY (Excluding Agency Funds)	\$ 13,607,256.90	\$ 13,876.73	\$ 24,737,693.81	\$ 26,116,092.05	\$ 12,242,735.39	\$ 5,601,613.46	\$ 17,844,348.85	TOTAL REPORTING ENTITY (Excluding Agency Funds)

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2014

COMPOSITION OF CASH-Primary Government

Clerk's Cash On Hand		\$	550.00
Community National Bank - Independence, Ks.			
Checking Account (Operating)	\$	16,060,883.67	
Less: Amount Allocated to Housing Authority		(6,196,084.70)	
	\$	9,864,798.97	
Checking Account (Petty Cash)		1,500.00	
			\$ 9,866,298.97
First Federal Savings & Loan, Independence, Ks.			
Platinum Account	\$	800,000.00	
			800,000.00
FirstOak Bank, Independence, Ks.			
Money Market	\$	600,061.18	
Certificates of Deposit		336,895.36	
			\$ 936,956.54
Total Primary Government			\$ 11,603,805.51
Less: Agency Funds (Schedule 3)			(44,309.49)
TOTAL PRIMARY GOVERNMENT			<u>\$ 11,559,496.02</u>
RELATED MUNICIPAL ENTITIES			
Independence Public Library			
Cash on Hand	\$	50.00	
FirstOak Bank, Independence, Ks.			
Checking Account	\$	4,423.90	
Money Market Account		79,292.39	
			\$ 83,716.29
Community National Bank - Independence, Ks.			
Certificate of Deposit		5,001.84	
			\$ 88,768.13
Independence Housing Authority			
Community National Bank - Independence, Ks.			
Checking Account			6,196,084.70
TOTAL RELATED MUNICIPAL ENTITIES			<u>\$ 6,284,852.83</u>
TOTAL REPORTING ENTITY			<u><u>\$ 17,844,348.85</u></u>

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A. FINANCIAL REPORTING ENTITY

The City of Independence is a municipal corporation under the laws of the State of Kansas and is governed by an elected three-member Commission. The financial statement of the reporting entity includes those of the City of Independence (the primary government) and its related municipal entities. The related municipal entities are included in the City's reporting entity because they were established to benefit the City and/or its constituents.

- The *Independence Housing Authority* (IHA) is governed by a City-appointed board. The City appoints the Board, provides some administrative services to the Board and owns the buildings which the Housing Authority operates. The Housing Authority also manages and operates a duplex project jointly owned by the City and SEK Housing of Sedan, Kansas.
- The *Independence Library District*, which operates the City's public library, is governed by an appointed board. Four of the seven board members are appointed by the City. The Library is also fiscally dependent on the City for a portion of its revenue, but does receive tax revenues from other sources within the district.

1B. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING

Regulatory Basis of Accounting and Departure from Accounting Principles generally accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

1C. REGULATORY BASIS FUND TYPES

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities.

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of The City of Independence, Kansas, for the year 2014:

GOVERNMENTAL FUNDS

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long term debt.

Capital Project Funds -- used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

BUSINESS FUNDS

Business Funds -- funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.).

FIDUCIARY TYPE FUNDS

Agency Funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1D. REIMBURSEMENTS

The City of Independence, Kansas records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

1E. JOINTLY-GOVERNED ORGANIZATIONS

The City of Independence appoints two members to the board of the Independence Recreation Commission and Montgomery County Action Council, but does not control the boards or have financial responsibility for the organizations.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2A. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budgets for the following funds were amended for the 2014 year: Economic Development/Transportation,

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2014

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd)

2A. BUDGETARY INFORMATION (cont'd.)

Education Sales Tax, Special Use Sales Tax, Airport, Water and Sewer, Sanitation, Special Parks and Recreation, Special Alcohol, Quality of Life Tax Credits, and Quality of Life Tax Projects.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, agency funds, and the following special purpose and business funds: D.A.R.E., Crime Prevention Program, E 911 (New), Incubator Building, Smoke Detector Grant, Pride Signs, Miniature Train, Skate Park, Special Park, Downtown Tree Replacement, Demolition, E-911, Cultural Arts, Emergency Shelter Grant funds, Waste Tire Grant, Air Traffic Control Tower, Law Enforcement Trust, Walmart Grant, WWTP Sales Tax, and Grinder Pump Replacement funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

2B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL MATTERS

Expenditures in the Library Fund exceeded the amount budgeted by \$406.40 and expenditures in the Airport Fund exceeded the amount budgeted by \$18,035.12. This is a violation of K.S.A. 79-2935.

Management is not aware of any other violations of compliance with Kansas Statutes or violations of other finance related legal matters.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS

At December 31, 2014, the City had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2014.

At December 31, 2014, the carrying amount of the City's deposits, including certificates of deposit, was \$17,799,340.21, which included \$6,196,084.70 belonging to the Independence Housing Authority and \$44,309.49 in agency funds. The bank balance was \$17,903,957.20. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by three banks, resulting in a concentration of credit risk. Of the bank balance \$750,000.00 was covered by FDIC insurance, and \$17,153,957.20 was collateralized by pledged securities held by the pledging financial institution's agents in the City's name.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS (cont'd.)

At year-end the carrying amount of the Independence Public Library Board's deposits, including certificates of deposit was \$88,718.13. The bank balance was \$95,747.27. All of the bank balance was covered by FDIC insurance.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 4 – LONG-TERM DEBT

SEE SCHEDULE ON PAGES 16-17.

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS). KPERS is part of a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2014

NOTE 6 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

<u>Fund</u>	<u>Project Authorization</u>	<u>Expenditures To Date</u>
Southeast Lift Station	4,000,000.00	2,874,922.14
ADA DJ #204-29-144 Design Phase	2,905,877.00	1,715,884.67
CDBG 12-PF-038 Curb Ramps	800,000.00	791,967.38
10 th St. Main to Laurel	240,500.00	257,272.38
W. Main 10 th to 18 th St.	5,543,368.35	5,475,700.85
Airport – Map Existing AP	40,000.00	40,000.00
Geometric 10 th & Chestnut	1,495,375.00	77,203.85
CDBG #13-PF-013 Curb Ramps	907,933.80	907,933.80
CDBG #14-PF-021 Curb Ramps	800,000.00	20,000.00
AIP 20-0036-021 Airport Runway	1,140,777.90	1,225,806.15
AIP 20-0036-20 Airport Taxiway	690,786.97	554,481.92
2014 Street Improvements	1,325,650.00	1,287,638.26
USD #446 School Infrastructure	39,015.35	33,160.00
US Hwy 75 Oak to Morningside	719,107.00	0.00
Logan Fountain	249,000.00	164,935.00
Airport – Upgrade Restrooms	9,360.00	0.00
Airport – Design Terminal	500,000.00	20,000.00
2015-2016 KLINK Projects	126,218.00	126,218.00
FORPAZ Ticket Booth	19,556.46	19,556.46

NOTE 7 - COMPENSATED ABSENCES

City employees with one year or more of service are eligible for vacation benefits varying from ten (10) days to twenty (20) days. Unused vacation earned during the current year can be carried over beyond the end of the succeeding year after it was earned. A maximum of 20 days may be carried over, but no new vacation time would be earned until a portion of the previous time was used. Any unused vacation time will be purchased from the employee upon termination.

City employees accumulate sick leave at the rate of one (1) day per month of service, up to one hundred-eighty (180) days. Sick leave may be accumulated and carried over to the next year, but is lost if the employee leaves the City's service. The liability for accrued vacation and sick pay is not reflected on the financial statements. Neither the actual or estimated amount of the liability was available at December 31, 2013. The cost of vacation and sick pay are recognized as expenditures when paid.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2014

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

NOTE 9 - INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Demolition		45,000.00
General	Liability Insurance	K.S.A. 12-2,615	5,000.00
Education Sales Tax	Bond & Interest	K.S.A. 12-197	210,893.76
Special Use Sales Tax	General	K.S.A. 12-197	531,840.89
Special Use Sales Tax	CDBG #14-PF-018	K.S.A. 12-197	400,000.00
Special Use Sales Tax	Bond and Interest	K.S.A. 12-197	321,362.00
Eco Dev/Transportation	AIP 3-20-0036-20	K.S.A. 12-1,118	130,175.00
Housing Authority	Demolition		75,000.00
Water & Sewer	W. Main 10 th to 18th	K.S.A. 12-825d	295,388.50

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

NOTE 11 – USE OF ESTIMATES

The preparation of regulatory basis financial statements requires management to make estimates and assumptions that affect the reported amounts of expenditures during the audit period, encumbrances outstanding, and disclosure of contingencies at the end of the audit period. Actual results could differ from the estimates.

THE CITY OF INDEPENDENCE, KANSAS
NOTES TO THE FINANCIAL STATEMENT

December 31, 2014

NOTE 12 - FLEXIBLE BENEFIT PLAN (I.R.C. SECTION 125)

The City adopted a salary-reduction flexible benefit plan under Section 125 of the Internal Revenue Code. All full time employees of the City are eligible to participate in the plan after 90 days of employment. Each employee may elect to reduce his or her salary to purchase benefits through the plan. Currently benefits offered through the plan involve health insurance, cancer insurance, and advantage disability insurance.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended December 31, 2014

NOTE 4 - LONG-TERM DEBT

Changes in long-term liabilities for the Entity for the year ended December 31, 2014, were as follows:

Issue	Interest Rates %	Date of Issue	Amount Issued	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
GENERAL OBLIGATION BONDS										
Series A 2007	3.95-5.00	4/1/07	620,000.00	2027	395,000.00		45,000.00	(45,000.00)	350,000.00	16,212.50
Series A 2009	3.00-4.00	10/1/09	170,000.00	2019	115,000.00		15,000.00	(15,000.00)	100,000.00	4,450.00
Series A 2010	3.25-4.125	12/22/10	3,240,000.00	2026	2,905,000.00		185,000.00	(185,000.00)	2,720,000.00	100,018.76
Series A 2012	2.00-2.75	2/1/12	4,065,000.00	2026	3,640,000.00		325,000.00	(325,000.00)	3,315,000.00	79,618.76
Series A 2013	2.00-2.70	9/19/13	2,940,000.00	2023	2,940,000.00		265,000.00	(265,000.00)	2,675,000.00	66,650.00
					<u>\$ 9,995,000.00</u>	<u>\$ -</u>	<u>\$ 835,000.00</u>	<u>\$ (835,000.00)</u>	<u>\$ 9,160,000.00</u>	<u>\$ 266,950.02</u>
CAPITAL LEASES										
2011 Freightliner	3.83	8/25/10	139,341.00	2015	58,805.49		28,842.16	(28,842.16)	29,963.33	1,992.38
2008 International	2.67	1/18/13	112,500.00	2018	91,177.45		21,895.66	(21,895.66)	69,281.79	2,289.25
Enterpol Software	2.26	1/16/13	50,000.00	2015	37,709.89		24,998.43	(24,998.43)	12,711.46	1,116.17
Case Wheel Loader	1.85	4/16/14	139,300.00	2018	-	139,300.00	26,843.48	112,456.52	112,456.52	2,453.48
					<u>\$ 187,692.83</u>	<u>\$ 139,300.00</u>	<u>\$ 102,579.73</u>	<u>\$ 36,720.27</u>	<u>\$ 224,413.10</u>	<u>\$ 7,851.28</u>
OTHER DEBT										
Kansas Dept. of Health and Environment (KDHE)										
Loan C-20-1241-01	3.54	8/31/95	418,306.00	2013	81,969.31		26,370.13	(26,370.13)	55,599.18	2,670.39
Loan 2630	3.77	7/2/09	2,500,000.00	2026	1,025,246.76		43,991.63	(43,991.63)	981,255.13	38,241.05
Loan C-20-1915-01	2.25	10/24/11	225,000.00	2015	291,947.38	2,071,701.44	113,012.95	1,958,688.49	2,250,635.87	19,988.01
					<u>\$ 1,399,163.45</u>	<u>\$ 2,071,701.44</u>	<u>\$ 183,374.71</u>	<u>\$ 1,888,326.73</u>	<u>\$ 3,287,490.18</u>	<u>\$ 60,899.45</u>
TOTAL LONG TERM DEBT					<u>\$ 11,581,856.28</u>	<u>\$ 2,211,001.44</u>	<u>\$ 1,120,954.44</u>	<u>\$ 1,090,047.00</u>	<u>\$ 12,671,903.28</u>	<u>\$ 335,700.75</u>

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2014

NOTE 4 - LONG-TERM DEBIT (cont'd)

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	2020-2024	2025-2029	2030-2034	TOTAL
PRINCIPAL									
General Obligation Bonds	\$ 870,000.00	\$ 890,000.00	\$ 895,000.00	\$ 815,000.00	\$ 830,000.00	\$ 3,770,000.00	\$ 1,090,000.00	\$ -	\$ 9,160,000.00
Capital Leases	81,184.73	50,634.90	51,764.92	40,828.55	-	\$ -	\$ -	-	224,413.10
Other Debt	273,327.46	281,080.85	259,764.24	266,933.68	274,307.61	1,494,170.18	357,941.55	79,964.61	3,287,490.18
TOTAL PRINCIPAL	\$ 1,224,512.19	\$ 1,221,715.75	\$ 1,206,529.16	\$ 1,122,762.23	\$ 1,104,307.61	\$ 5,264,170.18	\$ 1,447,941.55	\$ 79,964.61	\$ 12,671,903.28
INTEREST									
General Obligation Bonds	\$ 247,050.02	\$ 227,787.52	\$ 208,100.02	\$ 186,625.02	\$ 166,327.52	\$ 500,087.60	\$ 56,356.28	\$ -	\$ 1,592,333.98
Capital Leases	3,900.81	2,846.98	1,716.95	560.85	-	-	-	-	9,025.59
Other Debt	89,800.17	82,277.11	74,773.76	67,778.18	60,584.71	187,678.20	48,280.81	2,057.47	613,230.41
TOTAL INTEREST	\$ 340,751.00	\$ 312,911.61	\$ 284,590.73	\$ 254,964.05	\$ 226,912.23	\$ 687,765.80	\$ 104,637.09	\$ 2,057.47	\$ 2,214,589.98
TOTAL PRINCIPAL AND INTEREST	\$ 1,565,263.19	\$ 1,534,627.36	\$ 1,491,119.89	\$ 1,377,726.28	\$ 1,331,219.84	\$ 5,951,935.98	\$ 1,552,578.64	\$ 82,022.08	\$ 14,886,493.26

THE CITY OF INDEPENDENCE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2014

<u>GOVERNMENTAL TYPE FUNDS:</u>					
Certified Budget	Adjmt. For Qualifying Budget Cr.	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)	
\$6,711,043.00	\$ -	\$6,711,043.00	\$5,776,423.56	\$ 934,619.44	General
<u>GOVERNMENTAL TYPE FUNDS:</u>					
Special Purpose Industrial Fund	65,350.00	65,350.00	22,179.98	43,170.02	Special Purpose Industrial Fund
Economic Development Transportation Fund	430,175.00	430,175.00	279,511.44	150,663.56	Economic Development Transportation Fund
Education Sales Tax Fund	2,347,517.00	2,347,517.00	2,123,808.12	223,708.88	Education Sales Tax Fund
Special Use Sales Tax Fund	3,608,938.00	3,608,938.00	1,337,535.74	2,271,402.26	Special Use Sales Tax Fund
City Employee Benefits Fund	770,295.00	770,295.00	714,724.45	55,570.55	City Employee Benefits Fund
Library Employee Benefit Fund	107,900.00	107,900.00	103,855.64	4,044.36	Library Employee Benefit Fund
Library Fund	156,333.00	156,333.00	156,739.40	(406.40)	Library Fund
Special Park & Recreation Fund	40,484.00	40,484.00	40,484.00	-	Special Park & Recreation Fund
Special Alcohol Fund	37,661.00	37,661.00	28,945.00	8,716.00	Special Alcohol Fund
Liability Insurance Fund	69,100.00	69,100.00	66,189.40	2,910.60	Liability Insurance Fund
Quality of Life Tax Credits Fund	385,820.00	385,820.00	-	385,820.00	Quality of Life Tax Credits Fund
Quality of Life Tax Projects Fund	301,412.00	301,412.00	20,510.26	280,901.74	Quality of Life Tax Projects Fund
<u>GOVERNMENTAL TYPE FUNDS:</u>					
Debt Service Fund					Debt Service Fund
Bond and Interest	1,265,974.00	1,265,974.00	1,101,950.02	164,023.98	Bond and Interest
<u>BUSINESS FUNDS:</u>					
Airport Fund	846,600.00	846,600.00	864,635.12	(18,035.12)	Airport Fund
Water & Sewer Fund	4,352,863.00	4,352,863.00	4,063,203.33	289,659.67	Water & Sewer Fund
Sanitation Fund	1,116,406.00	1,116,406.00	985,040.79	131,365.21	Sanitation Fund
<u>RELATED MUNICIPAL ENTITIES:</u>					
Independence Public Library					Independence Public Library
General Fund	502,595.00	502,595.00	482,551.69	20,043.31	General Fund
Employee Benefit Fund	107,900.00	107,900.00	99,951.23	7,948.77	Employee Benefit Fund

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisGENERAL FUND

For the Year Ended December 31, 2014

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 865,512.66	\$ 905,976.00	\$ (40,463.34)
Local Sales Tax	2,126,808.13	2,337,500.00	(210,691.87)
Franchise Tax	561,877.09	444,600.00	117,277.09
Federal Grant Revenue	51,385.08	-	51,385.08
State Grant Revenue	6,851.35	-	6,851.35
Ambulance	697,912.79	1,414,800.00	(716,887.21)
Municipal Court	195,733.27	214,400.00	(18,666.73)
Streets & traffic	484,607.16	321,620.00	162,987.16
Memorial Hall	27,358.78	39,000.00	(11,641.22)
Cemetery	61,075.00	52,200.00	8,875.00
Interest Income	3,554.21	1,000.00	2,554.21
Park	143,107.62	40,000.00	103,107.62
Miscellaneous	246,850.63	133,600.00	113,250.63
Transfers	531,840.89	-	531,840.89
TOTAL RECEIPTS	<u>\$ 6,004,474.66</u>	<u>\$ 5,904,696.00</u>	<u>\$ 99,778.66</u>
EXPENDITURES			
General Government	\$ 410,473.53	\$ 370,980.00	\$ (39,493.53)
Municipal Court	158,252.88	138,022.00	(20,230.88)
City Hall	113,435.56	61,400.00	(52,035.56)
Police Department	1,408,997.91	1,436,836.00	27,838.09
Animal Control	41,023.24	40,963.00	(60.24)
Emergency Preparedness	83,839.67	8,500.00	(75,339.67)
Public Safety	1,552,483.33	2,361,550.00	809,066.67
Engineering	18,230.00	20,000.00	1,770.00
Streets & Traffic	677,223.67	539,110.00	(138,113.67)
Street Lighting	142,563.26	140,000.00	(2,563.26)
Park	646,467.87	525,209.00	(121,258.87)
Cemetery	149,902.35	150,263.00	360.65
Memorial Hall	199,622.14	194,210.00	(5,412.14)
Special Improvements	123,908.15	707,200.00	583,291.85
Miscellaneous	-	16,800.00	16,800.00
Transfers	50,000.00	-	(50,000.00)
TOTAL EXPENDITURES	<u>\$ 5,776,423.56</u>	<u>\$ 6,711,043.00</u>	<u>\$ 934,619.44</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 228,051.10		
UNENCUMBERED CASH, BEGINNING	<u>1,270,095.06</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,498,146.16</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

D.A.R.E. FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Miscellaneous	<u>\$ -</u>
TOTAL RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Commodities	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<u>303.55</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 303.55</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisINDUSTRIAL FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 39,565.87	\$ 47,480.00	\$ (7,914.13)
Other Income	2,250.00	-	2,250.00
TOTAL RECEIPTS	<u>\$ 41,815.87</u>	<u>\$ 47,480.00</u>	<u>\$ (5,664.13)</u>
EXPENDITURES			
Capital Projects	\$ 3,999.98	\$ 45,850.00	\$ 41,850.02
Big Mac	15,680.00	17,000.00	1,320.00
Chamber of Commerce	2,500.00	2,500.00	-
TOTAL EXPENDITURES	<u>\$ 22,179.98</u>	<u>\$ 65,350.00</u>	<u>\$ 43,170.02</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 19,635.89		
UNENCUMBERED CASH, BEGINNING	<u>26,079.99</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 45,715.88</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

CRIME PREVENTION PROGRAM FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Miscellaneous	<u>\$ -</u>
TOTAL RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ -</u>
UNENCUMBERED CASH, BEGINNING	<u>1,776.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,776.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisECONOMIC DEVELOPMENT TRANSPORTATION FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Franchise Tax	\$ 358,912.17	\$ 289,000.00	\$ 69,912.17
Other	333.13	-	333.13
TOTAL RECEIPTS	<u>\$ 359,245.30</u>	<u>\$ 289,000.00</u>	<u>\$ 70,245.30</u>
EXPENDITURES			
Economic Development Incentives	\$ 149,336.44	\$ 430,175.00	\$ 280,838.56
Transfers	130,175.00	-	(130,175.00)
TOTAL EXPENDITURES	<u>\$ 279,511.44</u>	<u>\$ 430,175.00</u>	<u>\$ 150,663.56</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 79,733.86		
UNENCUMBERED CASH, BEGINNING	<u>647,188.25</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 726,922.11</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

E 911 (NEW) FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
State of Kansas	\$ 87,801.06
Interest	<u>19.11</u>
TOTAL RECEIPTS	<u>\$ 87,820.17</u>
EXPENDITURES	
Capital Outlay	<u>\$ 116,855.01</u>
TOTAL EXPENDITURES	<u>\$ 116,855.01</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (29,034.84)
UNENCUMBERED CASH, BEGINNING	<u>10,719.97</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (18,314.87)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

INCUBATOR BUILDING FUND

For the Year Ended December 31, 2014

	<u>CURRENT YEAR</u>
	<u>Actual</u>
RECEIPTS	
Taxes	\$ -
Rent Income	34,519.16
	<u>34,519.16</u>
TOTAL RECEIPTS	<u>\$ 34,519.16</u>
EXPENDITURES	
Contactual	\$ 848.93
Capital Outlay	
	<u>848.93</u>
TOTAL EXPENDITURES	<u>\$ 848.93</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 33,670.23
UNENCUMBERED CASH, BEGINNING	<u>133,819.85</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 167,490.08</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisEDUCATION SALES TAX FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Sales Taxes	\$ 2,126,808.12	\$ 1,870,000.00	\$ 256,808.12
			-
TOTAL RECEIPTS	<u>\$ 2,126,808.12</u>	<u>\$ 1,870,000.00</u>	<u>\$ 256,808.12</u>
EXPENDITURES			
Capital Outlay	\$ 1,905,314.36	\$ 2,128,517.00	\$ 223,202.64
Transfers	218,493.76	219,000.00	506.24
TOTAL EXPENDITURES	<u>\$ 2,123,808.12</u>	<u>\$ 2,347,517.00</u>	<u>\$ 223,708.88</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 3,000.00		
UNENCUMBERED CASH, BEGINNING	<u>73,000.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 76,000.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

SMOKE DETECTOR GRANT FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Miscellaneous	<u>\$ -</u>
TOTAL RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<u>246.94</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 246.94</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisPRIDE SIGNS FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Miscellaneous	<u>\$ 3,741.50</u>
TOTAL RECEIPTS	<u>\$ 3,741.50</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 3,741.50
UNENCUMBERED CASH, BEGINNING	<u>(3,620.11)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 121.39</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisMINATURE TRAIN FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Capital Outlay	\$ -
TOTAL EXPENDITURES	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	3,241.83
UNENCUMBERED CASH, ENDING	\$ 3,241.83

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

SKATE PARK FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ -
Transfers	-
	<hr/>
TOTAL RECEIPTS	<hr/>
	\$ -
	<hr/>
EXPENDITURES	
Capital Outlay	\$ -
Transfers	-
	<hr/>
TOTAL EXPENDITURES	<hr/>
	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
	<hr/>
UNENCUMBERED CASH, BEGINNING	<hr/>
	1,675.35
	<hr/>
UNENCUMBERED CASH, ENDING	<hr/>
	\$ 1,675.35
	<hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisSPECIAL USE SALES TAX FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Sales Tax	\$ 2,127,988.19	\$ 1,870,000.00	\$ 257,988.19
Transfers	-	-	-
TOTAL RECEIPTS	<u>\$ 2,127,988.19</u>	<u>\$ 1,870,000.00</u>	<u>\$ 257,988.19</u>
EXPENDITURES			
Capital Outlay	\$ 84,332.85	\$ 1,402,500.00	\$ 1,318,167.15
Transfers	1,253,202.89	2,206,438.00	953,235.11
TOTAL EXPENDITURES	<u>\$ 1,337,535.74</u>	<u>\$ 3,608,938.00</u>	<u>\$ 2,271,402.26</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 790,452.45		
UNENCUMBERED CASH, BEGINNING	<u>1,289,121.40</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 2,079,573.85</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisCITY EMPLOYEE BENEFITS FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 696,417.22	\$ 724,038.00	\$ (27,620.78)
Other Income	25,872.00		25,872.00
TOTAL RECEIPTS	<u>\$ 722,289.22</u>	<u>\$ 724,038.00</u>	<u>\$ (1,748.78)</u>
EXPENDITURES			
Personnel	\$ 560,510.77	614,008.00	53,497.23
Contractual	154,213.68	156,287.00	2,073.32
		-	-
TOTAL EXPENDITURES	<u>\$ 714,724.45</u>	<u>\$ 770,295.00</u>	<u>\$ 55,570.55</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 7,564.77</u>		
UNENCUMBERED CASH, BEGINNING	<u>125,526.77</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 133,091.54</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisLIBRARY EMPLOYEE BENEFITS FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 103,855.64	\$ 107,900.00	\$ (4,044.36)
TOTAL RECEIPTS	<u>\$ 103,855.64</u>	<u>\$ 107,900.00</u>	<u>\$ (4,044.36)</u>
EXPENDITURES			
Payments to the Library	\$ 103,855.64	\$ 107,900.00	\$ 4,044.36
TOTAL EXPENDITURES	<u>\$ 103,855.64</u>	<u>\$ 107,900.00</u>	<u>\$ 4,044.36</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

SPECIAL PARK FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Memorials	\$ 5,455.38
	<hr/>
TOTAL RECEIPTS	<u>\$ 5,455.38</u>
EXPENDITURES	
Commodities	\$ -
Capital Outlay	973.35
	<hr/>
TOTAL EXPENDITURES	<u>\$ 973.35</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 4,482.03
UNENCUMBERED CASH, BEGINNING	<u>6,673.50</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 11,155.53</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
LIBRARY FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 156,739.40	\$ 156,333.00	\$ 406.40
			-
TOTAL RECEIPTS	<u>\$ 156,739.40</u>	<u>\$ 156,333.00</u>	<u>\$ 406.40</u>
EXPENDITURES			
Payments to the Library	\$ 156,739.40	\$ 156,333.00	\$ (406.40)
		-	-
TOTAL EXPENDITURES	<u>\$ 156,739.40</u>	<u>\$ 156,333.00</u>	<u>\$ (406.40)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

DOWNTOWN TREE REPLACEMENT FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ -
	<hr/>
TOTAL RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Commodities	\$ -
	<hr/>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<u>1,000.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,000.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisSPECIAL PARK & RECREATION FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Liquor Taxes	\$ 38,515.87	\$ 29,300.00	\$ 9,215.87
Other revenue	-	-	-
TOTAL RECEIPTS	<u>\$ 38,515.87</u>	<u>\$ 29,300.00</u>	<u>\$ 9,215.87</u>
EXPENDITURES			
Contractual	\$ 40,484.00	\$ 40,484.00	\$ -
Reimbursed Expense		-	-
TOTAL EXPENDITURES	<u>\$ 40,484.00</u>	<u>\$ 40,484.00</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (1,968.13)		
UNENCUMBERED CASH, BEGINNING	<u>35,732.44</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 33,764.31</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisSPECIAL ALCOHOL FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Liquor Taxes	\$ 28,945.02	\$ 30,000.00	\$ (1,054.98)
TOTAL RECEIPTS	<u>\$ 28,945.02</u>	<u>\$ 30,000.00</u>	<u>\$ (1,054.98)</u>
EXPENDITURES			
Contractual	\$ 28,945.02	\$ 37,661.00	\$ 8,715.98
TOTAL EXPENDITURES	<u>\$ 28,945.02</u>	<u>\$ 37,661.00</u>	<u>\$ 8,715.98</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

DEMOLITION FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Demolition Proceeds	\$ 12,550.00
Transfers	<u>120,000.00</u>
TOTAL RECEIPTS	<u>\$ 132,550.00</u>
EXPENDITURES	
Contractual	<u>\$ 78,805.00</u>
TOTAL EXPENDITURES	<u>\$ 78,805.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 53,745.00
UNENCUMBERED CASH, BEGINNING	<u>8,618.28</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 62,363.28</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisLIABILITY INSURANCE FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 54,893.99	\$ 56,579.00	\$ (1,685.01)
Other Revenue	\$ 1,713.00		
Transfers	5,000.00		5,000.00
	<hr/>		
TOTAL RECEIPTS	\$ 61,606.99	\$ 56,579.00	\$ 3,314.99
	<hr/>		
EXPENDITURES			
Contractual	\$ 66,189.40	\$ 69,100.00	\$ 2,910.60
	<hr/>		
TOTAL EXPENDITURES	\$ 66,189.40	\$ 69,100.00	\$ 2,910.60
	<hr/>		
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (4,582.41)		
UNENCUMBERED CASH, BEGINNING	<hr/> 16,902.34		
UNENCUMBERED CASH, ENDING	<hr/> \$ 12,319.93		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisE-911 FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
911 Fees	\$ -
Interest	232.68
	<hr/>
TOTAL RECEIPTS	\$ 232.68
	<hr/>
EXPENDITURES	
Contractual	\$ -
Capital Outlay	37,655.00
	<hr/>
TOTAL EXPENDITURES	\$ 37,655.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (37,422.32)
	<hr/>
UNENCUMBERED CASH, BEGINNING	94,300.92
	<hr/>
UNENCUMBERED CASH, ENDING	\$ 56,878.60
	<hr/> <hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisQUALITY OF LIFE TAX CREDITS FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ -	\$ -	\$ -
Sale of building	124,971.14	-	124,971.14
TOTAL RECEIPTS	<u>\$ 124,971.14</u>	<u>\$ -</u>	<u>\$ 124,971.14</u>
EXPENDITURES			
Capital Outlay	\$ -	\$ 385,820.00	\$ 385,820.00
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 385,820.00</u>	<u>\$ 385,820.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 124,971.14		
UNENCUMBERED CASH, BEGINNING	<u>385,820.65</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 510,791.79</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisQUALITY OF LIFE TAX PROJECTS FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Insurance Proceeds	\$ -	\$ -	\$ -
Interest	730.21	-	730.21
TOTAL RECEIPTS	<u>\$ 730.21</u>	<u>\$ -</u>	<u>\$ 730.21</u>
EXPENDITURES			
Capital Outlay	\$ 20,510.26	\$ 301,412.00	\$ 280,901.74
Transfers	-	-	-
TOTAL EXPENDITURES	<u>\$ 20,510.26</u>	<u>\$ 301,412.00</u>	<u>\$ 280,901.74</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (19,780.05)		
UNENCUMBERED CASH, BEGINNING	<u>301,412.76</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 281,632.71</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

CULTURAL ARTS FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Donations	\$ -
	<hr/>
TOTAL RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	\$ 2,521.98
	<hr/>
TOTAL EXPENDITURES	<u>\$ 2,521.98</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (2,521.98)
UNENCUMBERED CASH, BEGINNING	<u>6,009.07</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 3,487.09</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisKHRC ESG-FFY2013 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Federal Grant Funds	\$ 8,825.18
	<hr/>
TOTAL RECEIPTS	<u>\$ 8,825.18</u>
EXPENDITURES	
Capital Outlay	<u>\$ 8,609.52</u>
TOTAL EXPENDITURES	<u>\$ 8,609.52</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 215.66
UNENCUMBERED CASH, BEGINNING	<hr/> -
UNENCUMBERED CASH, ENDING	<u><u>\$ 215.66</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

WASTE TIRE GRANT FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Federal	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Capital Outlay	\$ -
Transfers	-
TOTAL EXPENDITURES	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	272.71
UNENCUMBERED CASH, ENDING	\$ 272.71

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisAIR TRAFFIC CONTROL TOWER FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Cessna Reimbursement	\$ 26,700.00
	<hr/>
TOTAL RECEIPTS	\$ 26,700.00
	<hr/>
EXPENDITURES	
Contractual	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 26,700.00
UNENCUMBERED CASH, BEGINNING	<hr/> (26,700.00)
UNENCUMBERED CASH, ENDING	<hr/> <hr/> \$ -

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisKHRC # ESG-FFY2011 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Federal	\$ -
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Sub Grant	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
	<hr/>
UNENCUMBERED CASH, BEGINNING	<hr/> 795.47
UNENCUMBERED CASH, ENDING	<hr/> \$ 795.47

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisLAW ENFORCEMENT TRUST FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Other Income	\$ 13,848.90
	<hr/>
TOTAL RECEIPTS	<u>\$ 13,848.90</u>
EXPENDITURES	
Commodities	<u>\$ 10,067.00</u>
TOTAL EXPENDITURES	<u>\$ 10,067.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 3,781.90
UNENCUMBERED CASH, BEGINNING	<u>18,996.85</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 22,778.75</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisKHRC # ESG-FFY2012 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Federal Grant	\$ -
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Project Costs	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
	<hr/>
UNENCUMBERED CASH, BEGINNING	640.50
	<hr/>
UNENCUMBERED CASH, ENDING	\$ 640.50
	<hr/> <hr/>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

WALMART GRANT

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Grant Revenue	\$ 2,500.00
	<hr/>
TOTAL RECEIPTS	<u>\$ 2,500.00</u>
EXPENDITURES	
Contractual	\$ -
	<hr/>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 2,500.00
UNENCUMBERED CASH, BEGINNING	<hr/> -
UNENCUMBERED CASH, ENDING	<u><u>\$ 2,500.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisWWTP Sales Tax

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Other Income	\$ 40.00
	<hr/>
TOTAL RECEIPTS	\$ 40.00
	<hr/>
EXPENDITURES	
Commodities	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 40.00
	<hr/>
UNENCUMBERED CASH, BEGINNING	-
	<hr/>
UNENCUMBERED CASH, ENDING	\$ 40.00
	<hr/> <hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisKHRC #ESG-FFY2014 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Federal Grant Revenue	<u>\$ 4,971.41</u>
TOTAL RECEIPTS	<u>\$ 4,971.41</u>
EXPENDITURES	
Payments to Grantee	<u>\$ 4,825.57</u>
TOTAL EXPENDITURES	<u>\$ 4,825.57</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 145.84</u>
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 145.84</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisBOND AND INTEREST FUND

For the Year Ended December 31, 2014

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 358,143.24	\$ 372,666.00	\$ (14,522.76)
Special Assessments	27,119.32	56,200.00	(29,080.68)
Transfers	539,855.76	625,905.00	(86,049.24)
Other	19,300.00	8,000.00	11,300.00
TOTAL RECEIPTS	<u>\$ 944,418.32</u>	<u>\$ 1,062,771.00</u>	<u>\$ (129,652.68)</u>
EXPENDITURES			
Bond Pincipal	\$ 835,000.00	\$ 870,000.00	\$ 35,000.00
Interest	266,950.02	295,974.00	29,023.98
Revolving Loan Program	-	-	-
Other Professional Services	-	100,000.00	100,000.00
Transfers	-	-	-
TOTAL EXPENDITURES	<u>\$ 1,101,950.02</u>	<u>\$ 1,265,974.00</u>	<u>\$ 164,023.98</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (157,531.70)</u>		
UNENCUMBERED CASH, BEGINNING	<u>218,630.07</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 61,098.37</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisAIRPORT - MAP EXISTING AIRPORT CIR. FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Transfers	<u>\$ 36,000.00</u>
TOTAL RECEIPTS	<u>\$ 36,000.00</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 36,000.00
UNENCUMBERED CASH, BEGINNING	<u>(38,000.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (2,000.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

CDGB # 12-PF-038 CURB RAMPS

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Federal	\$ 51,647.00
Transfers	<u>-</u>
TOTAL RECEIPTS	<u>\$ 51,647.00</u>
EXPENDITURES	
Curb Ramps - federal expenditures (cost reduc.)	\$ (7,526.97)
TOTAL EXPENDITURES	<u>\$ (7,526.97)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 59,173.97
UNENCUMBERED CASH, BEGINNING	<u>(55,158.37)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 4,015.60</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

LOGAN FOUNTAIN FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Donations	<u>\$ 90,790.34</u>
TOTAL RECEIPTS	<u>\$ 90,790.34</u>
EXPENDITURES	
Capital Outlay	<u>\$ 164,935.00</u>
TOTAL EXPENDITURES	<u>\$ 164,935.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (74,144.66)
UNENCUMBERED CASH, BEGINNING	<u>100.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (74,044.66)</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisAIRPORT - DESIGN TERMINAL UPGRADE FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Transfers	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Project Costs	\$ -
TOTAL EXPENDITURES	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<u>(19,000.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (19,000.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

GEOMETRIC - 10TH & CHESTNUT FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Bond Proceeds	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Project Costs	\$ -
TOTAL EXPENDITURES	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	618,171.15
UNENCUMBERED CASH, ENDING	\$ 618,171.15

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisFORPAZ NEW TICKET BOOTH

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Other Income	<u>\$ 18,966.36</u>
TOTAL RECEIPTS	<u>\$ 18,966.36</u>
EXPENDITURES	
Project Costs	<u>\$ 19,556.46</u>
TOTAL EXPENDITURES	<u>\$ 19,556.46</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (590.10)
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (590.10)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

CDBG #13-PF-013 CURB RAMPS

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Federal Revenue	\$ 264,997.00
TOTAL RECEIPTS	<u>\$ 264,997.00</u>
EXPENDITURES	
Project Costs - federal expenditures	\$ -
Project Costs - other	<u>-</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 264,997.00
UNENCUMBERED CASH, BEGINNING	<u>(507,933.80)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (242,936.80)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

AIP 3-20-0036-021 RUNWAY REHAB

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Federal Revenue	\$ 450,853.00
Transfers	<u>130,175.00</u>
TOTAL RECEIPTS	<u>\$ 581,028.00</u>
EXPENDITURES	
Project Costs	<u>\$ 1,225,806.15</u>
TOTAL EXPENDITURES	<u>\$ 1,225,806.15</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (644,778.15)
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (644,778.15)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

AIP 3-20-0036-20 TAXIWAY REHAB

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Federal Revenue	<u>\$ 538,553.12</u>
TOTAL RECEIPTS	<u>\$ 538,553.12</u>
EXPENDITURES	
Project Costs	<u>\$ 20,360.70</u>
TOTAL EXPENDITURES	<u>\$ 20,360.70</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 518,192.42
UNENCUMBERED CASH, BEGINNING	(543,199.41)
PRIOR YEAR CANCELLED ENCUMBRANCES	<u>13,876.73</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (11,130.26)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

2014 STREET PROJECTS FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Other Income	<u>\$ 36.00</u>
TOTAL RECEIPTS	<u>\$ 36.00</u>
EXPENDITURES	
Project Costs	<u>\$ 943,973.75</u>
TOTAL EXPENDITURES	<u>\$ 943,973.75</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (943,937.75)</u>
UNENCUMBERED CASH, BEGINNING	<u>1,277,513.52</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 333,575.77</u></u>

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

ADA DJ # 204-29-144 CURB RAMPS DESIGN

EXPENDITURES

	<u>Actual</u>
RECEIPTS	
Transfers	\$ -
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Project Costs	\$ 427,706.77
Transfers	-
	<hr/>
TOTAL EXPENDITURES	\$ 427,706.77
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (427,706.77)
	<hr/>
UNENCUMBERED CASH, BEGINNING	764,975.43
	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ 337,268.66</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis10TH & MAIN TO 10TH & LAUREL STREET IMPROVEMENTS

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Bond Proceeds	\$ -
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Project Costs	\$ (1,436.08)
	<hr/>
TOTAL EXPENDITURES	\$ (1,436.08)
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,436.08
	<hr/>
UNENCUMBERED CASH, BEGINNING	(175,562.06)
	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ (174,125.98)</u>

#REF!

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

USD #446 SCHOOL INFRACTURE FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ -
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Capital Outlay	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
	<hr/>
UNENCUMBERED CASH, BEGINNING	22,435.35
	<hr/>
UNENCUMBERED CASH, ENDING	\$ 22,435.35
	<hr/> <hr/>

#REF!

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisAIRPORT - UPGRADE RESTROOMS FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Transfers	\$ -
	<hr/>
TOTAL RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Project Costs	\$ -
	<hr/>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<u>2,500.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 2,500.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

SOUTHEAST LIFT STATION FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Loan Proceeds	\$ 2,071,701.44
Other	-
	<hr/>
TOTAL RECEIPTS	\$ 2,071,701.44
	<hr/>
EXPENDITURES	
Project Costs	\$ 589,254.05
	<hr/>
TOTAL EXPENDITURES	\$ 589,254.05
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,482,447.39
UNENCUMBERED CASH, BEGINNING	<hr/> (2,328,684.87)
UNENCUMBERED CASH, ENDING	<hr/> \$ (846,237.48) <hr/>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

WEST MAIN - 10TH TO 18TH FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
State Revenue	\$ 234,313.69
Transfers	<u>295,388.50</u>
TOTAL RECEIPTS	<u>\$ 529,702.19</u>
EXPENDITURES	
Project Costs	<u>\$ 2,684,518.35</u>
TOTAL EXPENDITURES	<u>\$ 2,684,518.35</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (2,154,816.16)
UNENCUMBERED CASH, BEGINNING	<u>81,349.09</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (2,073,467.07)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

2015-2016 KLINK PROJECTS

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Bond Proceeds	\$ -
Transfers	-
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Project Costs	\$ 126,218.00
	<hr/>
TOTAL EXPENDITURES	\$ 126,218.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (126,218.00)
	<hr/>
UNENCUMBERED CASH, BEGINNING	-
	<hr/>
UNENCUMBERED CASH, ENDING	<u><u>\$ (126,218.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

CDBG #14-PF-018 Curb Ramps

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Federal Revenue	\$ 400,000.00
Transfers	-
	<hr/>
TOTAL RECEIPTS	<u>\$ 400,000.00</u>
EXPENDITURES	
Project Costs	\$ 20,000.00
	<hr/>
TOTAL EXPENDITURES	<u>\$ 20,000.00</u>
RECEIPTS OVER (UNDER)	
EXPENDITURES	\$ 380,000.00
UNENCUMBERED CASH, BEGINNING	<hr/> -
UNENCUMBERED CASH, ENDING	<u><u>\$ 380,000.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisAIRPORT FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Fuel Sales	\$ 704,469.63	\$ 582,000.00	\$ 122,469.63
Rentals	73,796.38	93,300.00	(19,503.62)
Miscellaneous	3,340.29	1,200.00	2,140.29
Transfers	25,000.00		25,000.00
TOTAL RECEIPTS	<u>\$ 806,606.30</u>	<u>\$ 676,500.00</u>	<u>\$ 130,106.30</u>
EXPENDITURES			
Personnel	\$ 107,133.75	\$ 89,684.00	\$ (17,449.75)
Contractual Services	115,922.84	90,200.00	(25,722.84)
Commodities	593,887.26	621,716.00	27,828.74
Capital Outlay	47,691.27	45,000.00	(2,691.27)
Transfers	-		-
TOTAL EXPENDITURES	<u>\$ 864,635.12</u>	<u>\$ 846,600.00</u>	<u>\$ (18,035.12)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (58,028.82)		
UNENCUMBERED CASH, BEGINNING	<u>121,232.80</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 63,203.98</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisWATER & SEWER FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Sales & fees	\$ 3,187,984.23	\$ 3,439,805.00	\$ (251,820.77)
Federal grant	-	\$ -	\$ -
Miscellaneous	32,489.31	-	32,489.31
Interest Income	1,304.76	500.00	804.76
Transfers	-	-	-
TOTAL RECEIPTS	<u>\$ 3,221,778.30</u>	<u>\$ 3,440,305.00</u>	<u>\$ (218,526.70)</u>
EXPENDITURES			
Personnel	\$ 1,711,626.22	\$ 1,815,400.00	\$ 103,773.78
Contractual Services	584,326.94	585,800.00	1,473.06
Commodities	608,142.45	662,600.00	54,457.55
Capital Outlay	863,719.22	909,663.00	45,943.78
Transfers	295,388.50	379,400.00	84,011.50
			-
TOTAL EXPENDITURES	<u>\$ 4,063,203.33</u>	<u>\$ 4,352,863.00</u>	<u>\$ 289,659.67</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (841,425.03)</u>		
UNENCUMBERED CASH, BEGINNING	<u>2,973,864.40</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 2,132,439.37</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

GRINDER PUMP REPLACEMENT FUND

For the Year Ended December 31, 2014

	<u>Actual</u>
RECEIPTS	
Fees	\$ 8,410.00
Interest	<u>370.27</u>
TOTAL RECEIPTS	<u>\$ 8,780.27</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 8,780.27
UNENCUMBERED CASH, BEGINNING	<u>176,264.63</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 185,044.90</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisSANITATION FUND

For the Year Ended December 31, 2014

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Fees	\$ 1,032,255.76	\$ 1,100,250.00	\$ (67,994.24)
Miscellaneous	5,592.48	-	5,592.48
TOTAL RECEIPTS	<u>\$ 1,037,848.24</u>	<u>\$ 1,100,250.00</u>	<u>\$ (62,401.76)</u>
EXPENDITURES			
Personnel	\$ 406,826.40	\$ 464,565.00	\$ 57,738.60
Contractual Services	428,938.50	444,800.00	15,861.50
Commodities	79,269.43	75,000.00	(4,269.43)
Capital Outlay	70,006.46	132,041.00	62,034.54
			-
TOTAL EXPENDITURES	<u>\$ 985,040.79</u>	<u>\$ 1,116,406.00</u>	<u>\$ 131,365.21</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 52,807.45		
UNENCUMBERED CASH, BEGINNING	<u>291,357.85</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 344,165.30</u>		

THE CITY OF INDEPENDENCE, KANSAS
 AGENCY FUNDS
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 Regulatory Basis
 For the Year Ended December 31, 2014

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Fire Insurance Proceeds Fund	\$ 16,709.49	\$ 56,822.22	\$ 32,617.22	\$ 40,914.49
Alcohol Assessment Fund	\$ 3,395.00	\$ -	\$ -	\$ 3,395.00
 TOTAL AGENCY FUNDS	 \$ 20,104.49	 \$ 56,822.22	 \$ 32,617.22	 \$ 44,309.49

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisRELATED MUNICIPAL ENTITY - PUBLIC LIBRARY

For the Year Ended December 31, 2014

	<u>PUBLIC LIBRARY - GENERAL FUND</u>		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Appropriation from the City	\$ 186,060.47	\$ 191,700.00	\$ (5,639.53)
Appropriation from USD 446	235,494.54	244,900.00	(9,405.46)
Donations	20,250.00	20,000.00	250.00
State & Regional Libraries & Grants	13,460.64	19,225.00	(5,764.36)
Interest	258.32	460.00	(201.68)
Miscellaneous	17,073.21	12,000.00	5,073.21
TOTAL RECEIPTS	<u>\$ 472,597.18</u>	<u>\$ 488,285.00</u>	<u>\$ (15,687.82)</u>
EXPENDITURES			
Personnel	\$ 317,855.41	\$ 315,200.00	\$ (2,655.41)
Materials Expense	64,545.53	66,900.00	2,354.47
Operating Expense	92,772.46	115,495.00	22,722.54
Capital Outlay	7,378.29	5,000.00	(2,378.29)
Miscellaneous	-	-	-
TOTAL EXPENDITURES	<u>\$ 482,551.69</u>	<u>\$ 502,595.00</u>	<u>\$ 20,043.31</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (9,954.51)		
UNENCUMBERED CASH, BEGINNING	<u>78,245.35</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 68,290.84</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisRELATED MUNICIPAL ENTITY - PUBLIC LIBRARY

For the Year Ended December 31, 2014

<u>PUBLIC LIBRARY - EMPLOYEE BENEFIT FUND</u>			
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Appropriation from the City	\$ 105,349.11	\$ 108,873.00	\$ (3,523.89)
Other	-	-	-
TOTAL RECEIPTS	<u>\$ 105,349.11</u>	<u>\$ 108,873.00</u>	<u>\$ (3,523.89)</u>
EXPENDITURES			
Health Insurance	\$ 41,694.41	\$ 56,400.00	\$ 14,705.59
KPERS	25,585.99	24,750.00	(835.99)
Payroll taxes	24,237.83	25,000.00	762.17
Insurance	8,433.00	1,750.00	(6,683.00)
	-	-	-
TOTAL EXPENDITURES	<u>\$ 99,951.23</u>	<u>\$ 107,900.00</u>	<u>\$ 7,948.77</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 5,397.88		
UNENCUMBERED CASH, BEGINNING	<u>881.66</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 6,279.54</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
RELATED MUNICIPAL ENTITY - INDEPENDENCE HOUSING AUTHORITY

For the Year Ended December 31, 2014

UNENCUMBERED CASH, BEGINNING	Housing/ Development Fund	Housing/ Replacement Fund	McKinley Deposit Fund	McKinley Operating Fund	Surplus Fund	Penn Terrace Fund	Chaney Fund	Earl St. Fund	Cedar Point Fund
	\$ 1,219,704.94	\$ 198,732.10	\$ 12,206.54	\$ 18,304.39	\$ 3,941,956.53	\$ 171,497.25	\$ 7,997.97	\$ 3,415.72	\$ 15,788.09
RECEIPTS:									
Rent									
Cable									
Federal Revenue				\$ 104,906.00		\$ 331,317.95	\$ 19,955.00	\$ 6,272.00	\$ 52,094.00
TBRA						15,407.00			
Program Administration				26,177.00			2,125.00		3,442.00
Interest	1,893.69	739.36	31.63	44.24	4,919.58	357.49	17.90	8.68	29.62
Miscellaneous	4,124.12			6,050.78	600.00	38,152.03	4,716.16	7,208.16	12,468.21
Security Deposits			2,874.00						
Transfers	61,961.41	68,894.00				43,731.25			
TOTAL RECEIPTS	\$ 67,979.22	\$ 69,633.36	\$ 2,905.63	\$ 137,178.02	\$ 5,519.58	\$ 782,226.72	\$ 26,814.06	\$ 13,488.84	\$ 68,033.83
EXPENDITURES:									
Personnel									
Contractual				116,213.10		\$ 362,521.59	19,444.12	11,201.86	48,970.23
Commodities	579.00			9,432.90	41,320.77	246,396.95	5,742.35	3,855.31	7,672.05
Capital Outlay	26,710.28	23,324.25	4,231.28	143.00		51,863.02	4,432.50		
Federal Expenditures									
Transfers				21,350.00	75,000.00	130,855.41	5,193.06	1,847.39	15,998.75
TOTAL EXPENDITURES	\$ 27,289.28	\$ 23,324.25	\$ 4,231.28	\$ 147,139.00	\$ 116,320.77	\$ 791,638.97	\$ 34,812.03	\$ 16,904.56	\$ 72,641.03
UNENCUMBERED CASH, ENDING	\$ 1,260,394.88	\$ 245,041.21	\$ 10,880.89	\$ 8,343.41	\$ 3,831,155.34	\$ 162,085.00	\$ -	\$ -	\$ 11,180.89
UNENCUMBERED CASH, BEGINNING	South Eight St. Fund	TBRA Fund	Deposit Fund	Management Fund	Earl St. Replacement Fund	Chaney Replacement Fund	Cedar Point Replacement Fund	TOTAL	
	\$ 28,366.63	\$ 15,934.54	\$ 164,923.07	\$ 342,621.54	\$ 11,198.03	\$ 36,656.97	\$ 28,319.46	\$ 6,217,623.77	
REVENUES:									
Rent									
Cable	\$ 3,880.00	\$ 414.00						\$ 518,838.95	
Federal Revenue		96,807.00						15,407.00	
TBRA				4,840.35				450,068.00	
Program Administration								4,840.35	
Interest	69.31	40.17	356.38	895.66	27.45	91.31	69.95	31,744.00	
Miscellaneous	160.00		606.85	43,207.34				9,592.42	
Security Deposits			11,438.00					117,293.65	
Transfers				1,021.70				14,312.00	
								175,608.36	
TOTAL REVENUE	\$ 4,109.31	\$ 97,261.17	\$ 12,401.23	\$ 49,965.05	\$ 27.45	\$ 91.31	\$ 69.95	\$ 1,337,704.73	
EXPENDITURES:									
Personnel									
Contractual	6,875.78		2,400.00					\$ 362,521.59	
Commodities	370.00							451,504.04	
Capital Outlay			10,753.72		6,666.16	3,826.56	10,367.21	120,835.40	
Federal Expenditures		97,401.00						90,454.96	
Transfers	363.75							250,608.36	
TOTAL EXPENDITURES	\$ 7,609.53	\$ 97,401.00	\$ 13,153.72	\$ -	\$ 6,666.16	\$ 3,826.56	\$ 10,367.21	\$ 1,373,325.35	
UNENCUMBERED CASH, ENDING	\$ 24,866.41	\$ 15,794.71	\$ 164,170.58	\$ 392,586.59	\$ 4,559.32	\$ 32,921.72	\$ 18,022.20	\$ 6,182,003.15	

CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

SCHEDULE 5

Agency:	CFDA #	Pass-Through Entity Identifying Number	Expenditures (Notes to the SEFA -1)
U.S. Department of Housing & Urban Development (HUD)			
Passed through Kansas Housing Resource Corporation:			
Section 8 Housing Assistance Payments	14.195	1001761	\$ 353,261.00
Home Investments Partnerships - TBRA	14.239	M-10-SG-20-0100	878.85
Home Investments Partnerships - TBRA	14.239	M-11-SG-20-0100	25,512.90
Home Investments Partnerships - TBRA	14.239	M-12-SG-20-0100	38,967.60
Home Investments Partnerships - TBRA	14.239	M-13-SG-20-0100	36,288.00
Emergency Shelter Grant - ESG-FFY2013	14.231	ES13-INDEPENDENCE	8,609.52
Emergency Shelter Grant - ESG-FFY2014	14.231	ES14-INDEPENDENCE	4,825.57
Passed through the Kansas Department of Commerce & Housing			
Community Development Block Grant - 2013 (Notes to the SEFA - 2)	14.255	13-PF-038	264,997.00
Community Development Block Grant - 2012 (Notes to the SEFA - 2)	14.255	12-PF-038	32,793.65
TOTAL U.S. DEPARTMENT OF HUD			\$ 766,134.09
U.S. Department of Transportation, Federal Aviation Administration			
Direct Award			
Airport Improvement Fund (Notes to the SEFA - 2)	20.106	AIP 3-20-0036-21	\$ 370,772.95
Airport Improvement Fund (Notes to the SEFA - 2)	20.106	AIP 3-20-0036-20	611,218.61
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ 981,991.56
U.S. Department of Homeland Security, Federal Emergency Management Agency			
Passed through Kansas Adjutant General Office of Emergency Preparedness			
Hazard Mitigation Grant Program	97.036	DR 4150 PW 38	\$ 51,385.08
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			\$ 51,385.08
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,799,510.73

CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2014

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas (regulatory basis) with one exception as noted in Note 2 below. Cash receipts are recognized when the cash balance of a fund is increased. Cash disbursements are recognized when the cash balance of a fund is decreased. Expenditures include disbursements, accounts payable and encumbrances.

Note 2. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements

a. Airport Improvement Grant:

The expenditures for the Airport Improvement Grant AIP 3-20-0036-21 from the United States Department of Transportation Federal Aviation Administration differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. Grant 3-20-0036-21 is for construction work for the purpose of upgrading and general capital improvement to the Independence Municipal Airport. The grant agreement and construction contract were approved and signed during 2014; therefore, the City had properly recorded an encumbrance for the aforementioned contract in 2014. However, only a portion of the work was completed during 2014. These expenditures are reflected in the 2014 SEFA. Review of documentation for grant activity to date indicates that the majority of the construction work for this project will be completed during 2015. Reconciliation of the SEFA to Fund AIP 3-20-0036-21 in Statement 1 is as follows:

Statement 1

Total Expenditures	\$ 1,225,806.15
Comprised of:	
City Match Funds	130,175.00
To be determined source	61,613.85
Federal Expenditures	<u>1,157,245.00</u>
Total Statement 1	<u>1,225,806.15</u>

Schedule of Expenditures of Federal Awards (SEFA)

AIP 3-20-0036-20 Expenditures	\$ 370,772.95
Expenditures to be audited in Future Period(s)	<u>786,472.05</u>
Federal Expenditures	\$ 1,157,245.00
To be determined source	61,613.85
Non Federal City Match	<u>130,175.00</u>
Total Statement 1	<u>\$ 1,225,806.15</u>

CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2014

Note 2. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements (Cont'd)

b. Airport Improvement Grant:

The expenditures for the Airport Improvement Grant AIP 3-20-0036-20 from the United States Department of Transportation Federal Aviation Administration differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. Grant AIP 3-20-0036-20 is for an additional construction phase to AIP 3-20-0036-19 as noted prior year audit reports. The grant agreement and construction contract were approved and signed during 2013; therefore, the City has properly recorded an encumbrance for the aforementioned contract in 2013. However, the only actual activity occurring during 2013 for this phase of the project was an immaterial amount of engineering and inspection costs and the first payout to the contractor. These expenditures were reflected in the 2013 SEFA. Review of documentation for grant activity to date indicates that the majority of the construction work for this project was performed during 2014 and 2015. Reconciliation of the SEFA to Fund AIP 3-20-0036-20 in Statement 1 is as follows:

Statement 1

2012 Audit Report	\$ 134,365.00
2013 Audit Report	547,997.95
2014 Expenditures	20,360.70
2014 Cancelled Encumbrance	<u>(13,876.73)</u>

Cumulative Expenditures	688,846.92
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Comprised of:

City Match Funds	70,000.00
Federal Expenditures	<u>618,846.92</u>

Cumulative Statement 1	<u>\$ 688,846.92</u>
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Schedule of Expenditures of Federal Awards (SEFA)

AIP 3-20-0036-20

Expenditures	
2013 SEFA	\$ 7,628.31
2014 SEFA	<u>611,218.61</u>

Federal Expenditures	\$ 618,846.92
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Non Federal City Match	<u>70,000.00</u>
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Cumulative Statement 1	<u>\$ 688,846.92</u>
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CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2014

Note 2. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements (Cont'd)

c. Community Development Block Grant 12-PF-038

The expenditures for the Community Development Block Grant (CDBG) from the United States Department of Housing and Urban Development differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. This grant is for the purpose of complying with ADA regulations and was approved for \$400,000 with a \$400,000 city match. The grant agreement and construction contract were approved and signed during 2012; therefore, the City properly recorded an encumbrance for the aforementioned contract in 2012. However, the only actual activity occurring during 2012 for this phase of the project was an immaterial amount of engineering and inspection costs. These expenditures were reflected in the 2012 SEFA. Accordingly, management determined that the remaining expenditures for this grant would be presented, in subsequent, applicable, SEFA's. Reconciliation of Fund CDBG #12-PF-038 in Statement 1 to the CDBG program on the SEFA is as follows:

Statement 1

2012 Audit Report	\$ 698,087.77
2013 Audit Report	100,906.58
2014 Cancelled Encumbrance	<u>(7,526.95)</u>

Cumulative Expenditures	791,967.40
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Comprised of:

City Match Funds	395,984.40
Federal Expenditures	<u>395,983.00</u>

Cumulative Statement 1	<u>\$ 791,967.40</u>
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Schedule of Expenditures of Federal Awards (SEFA)

Expenditures

2013 SEFA	\$ 363,189.35
2014 SEFA	<u>32,793.65</u>

Federal Expenditures	\$ 395,983.00
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Non Federal City Match	<u>395,984.40</u>
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Cumulative Statement 1	<u>\$ 791,967.40</u>
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CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2014

Note 2. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements (Cont'd)

d. Community Development Block Grant 13-PF-013

The expenditures for the Community Development Block Grant (CDBG) from the United States Department of Housing and Urban Development differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. This grant is for the purpose of complying with ADA regulations, as phase II, following 12-PF-038, and was approved for \$400,000 with a \$400,000 city match. The grant agreement and construction contract were approved and signed during 2013; therefore, the City properly recorded an encumbrance for the aforementioned contract in 2013. However, the only actual activity occurring during 2013 for this phase of the project was an immaterial amount of grant administration paid for with match funds. Accordingly, management has determined that the expenditures for this grant would be presented, in a subsequent, applicable, SEFA. Reconciliation of Fund CDBG #13-PF-013 in Statement 1 to the CDBG program on the SEFA is as follows:

Statement 1

2013 Audit Report	\$ 907,933.80
2014 Audit Report	<u>0.00</u>
Cumulative Expenditures	\$ 907,933.80
Comprised of:	
City Match Funds	400,000.00
CDBG Expenditures	400,000.00
To be determined source	<u>107,933.80</u>
Cumulative Statement 1	<u>\$ 907,933.80</u>

Schedule of Expenditures of Federal Awards (SEFA)

Total Community Development Block Grant Expenditures	\$ 264,997.00
Expenditures to be audited in Future Period(s)	<u>135,003.00</u>
CDBG Expenditures	\$ 400,000.00
Non-Federal City Match	400,000.00
Funds from source not yet determined	107,933.80
Cumulative Statement 1	<u>\$ 907,933.80</u>

CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2014

Note 2. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements (Cont'd)

e. Community Development Block Grant 14-PF-018

The expenditures for the Community Development Block Grant (CDBG) from the United States Department of Housing and Urban Development differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. This grant is for the purpose Phase III of the ADA curb ramp project, and was approved for \$400,000 with a \$400,000 city match. The grant agreement and construction contract were approved and signed during 2014; however, the City only encumbered the first payment request, as allowable. As reflected below, the 2014 expenditures are considered to be paid for with City match funds. Reconciliation of Fund CDBG #14-PF-018 in Statement 1 to the CDBG program on the SEFA is as follows:

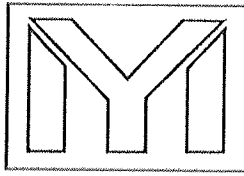
Statement 1

Total Expenditures	\$ 20,000.00
Comprised of:	
City Match Funds	20,000.00
CDBG Expenditures	<u>0.00</u>

Total Statement 1	<u>\$ 20,000.00</u>
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Schedule of Expenditures of Federal Awards (SEFA)

Total Community Development Block Grant Expenditures	\$ 0.00
Expenditures to be audited in Future Period(s)	<u>0.00</u>
CDBG Expenditures	\$ 0.00
Non-Federal City Match	<u>20,000.00</u>
Total Statement 1	<u>\$ 20,000.00</u>



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditors' Report

Mayor and City Commission
City of Independence, Kansas
120 N. 6th Street
Independence, KS 67301

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the regulatory basis financial statement of the City of Independence, Kansas, as of and for the year ended December 31, 2014, and the related notes to the financial statement, which collectively comprise the City of Independence, Kansas's basic financial statement, and have issued our report thereon dated July 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

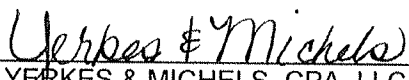
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

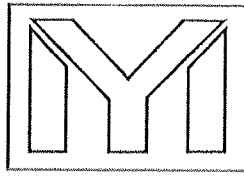
As part of obtaining reasonable assurance about whether the City's regulatory basis financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


YERKES & MICHELS, CPA, LLC
Independence, Kansas

July 7, 2015



YERKES & MICHELS, CPA, LLC

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Independence Auditors' Report

Mayor and City Commission
City of Independence, Kansas
Independence, KS 67301

Report on Compliance for Each Major Federal Program

We have audited the City of Independence, Kansas's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Kansas Municipal Audit and Accounting Guide*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Independence, Kansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.


Report on Internal Control Over Compliance

Management of the City of Independence, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


YERKES & MICHELS, CPA, LLC
Independence, Kansas

July 7, 2015

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no

Noncompliance material to financial
statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no

Type of auditor's report issued on compliance for major
programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Section 510(a)
of OMB Circular A-133?

☐ yes ☒ no

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

14.195
14.228

Section 8 Housing Assistance Payments
Community Development Block Grants

Dollar Threshold used to distinguish between
Type A and Type B programs:

\$ 300,000

Auditee qualified as low risk auditee?

☒ yes ☐ no

Section II – Financial Statement Findings

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014

No findings noted.

Section III – Federal Award Findings and Questioned Costs

Section 8 Housing Assistance Payments – CFDA #14.195

No findings noted.

Community Development Block Grants – CFDA #14.228

No findings noted.

CITY OF INDEPENDENCE, KANSAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2014

Finding 2013-001:

Condition: Proper internal controls over financial reporting and over compliance with regard to the Schedule of Expenditures of Federal Awards have not been implemented.

Status: The corrective action plan for this finding was implemented to the extent necessary to eliminate the significant deficiency.